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ABSTRACT

Management by Objectives is a system which allows an organization to plan its course of action, assist individuals contributing to that course, and determine progress toward mutually accepted goals. The system allows every individual in the organization regardless of level and responsibility to know what is expected of him, where he may look for guidance and assistance, and with whom he is expected to coordinate in his work. This publication outlines, in detail, the steps followed by the Oklahoma State Department of Vocational and Technical Education when installing a Management by Objectives System. Included are guidelines for: (1) developing the organization's goals and objectives, (2) developing personal job functions and performance objectives for individual accountability in the process of achieving the overall goals and objectives of the organization, (3) establishing performance evaluation sessions to determine the success or failure in achieving the desired outcomes of the organization and the individual's responsibilities, and (4) implementing the management system. Flow charts and examples augment the guidelines. (SB)

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Management by Objectives Implementation Sequence

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MANAGEMENT BY OBJECTIVES IMPLEMENTATION SEQUENCE

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Planning Unit
Division of Research, Planning and Evaluation
State Department of Vocational and Technical Education
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FOREWORD

Management by Objectives is a system which allows an organization to plan its course of action, to assist individuals with contributing to that course, and to determine progress toward mutually accepted goals. It provides a mechanism whereby an organization may concentrate its efforts upon a set of priorities which have been mutually determined and broadly accepted. This system allows every individual in the organization regardless of level and responsibility to know what is expected of him, where he may look for guidance and assistance, and who he is expected to coordinate with in his work. The system provides for the progress of the organization towards certain goals and keeps disruption due to both outside and inside changes to a minimum.

The Oklahoma experience, while not without problems, has proved Management by Objectives to be an effective management system for the State Department of Vocational and Technical Education. The system was pre-tested for one year in the Division of Research, Planning, and Evaluation and has now been installed in the entire Department. The procedures outlined in this publication are based on the experiences of installing the process in a state department of vocational education. This publication outlines in detail the steps which were followed and which are recommended in the initiation of a Management by Objectives system. While individual situations may dictate changes in procedures, it is felt that all of the steps outlined are essential to successful implementation of the program.

The system recommended in this publication provides for both institutional and individual accountability. The organizational goals and objectives provide direction for activities leading to the mission of the organization. The individual job functions and job objectives provide for each person a guideline as to how his efforts contribute to the effectiveness of the institution. In order to be truly effective, it is essential that this dual process be maintained. To ignore either of these important areas of responsibility will decrease the effectiveness of the effort.

While detailed procedures and methods are outlined in this publication, it is essential that each organization adapt the system to its own unique needs. Flexibility in development as well as in operation is vital to effectiveness. Each organization must determine its own course of action, must set its own mission, and must agree upon its own objectives. However, the procedures described in this publication should serve as a guide for any organization wishing to implement a Management by Objectives system.

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Assistant State Director
Oklahoma State Department
of Vocational and Technical
Education

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MANAGEMENT BY OBJECTIVES

INTRODUCTION

Management by Objectives is a system which enables an organization to plan in advance what that organization desires to accomplish within a specified period of time. In addition, it is a system whereby managers assist subordinates in planning their work, meeting their objectives, and reviewing their performance so that they may achieve optimum job results, and in so doing, assist in the accomplishment of the overall goals and objectives of the organization.

The purpose of this guideline will be threefold. First, it will provide a method to develop the organization's goals and objectives. Second, it will provide a method to develop personal job functions and performance objectives for individual accountability, in the process of achieving the overall goals and objectives of the organization. Third and finally, this guideline will provide for the establishment of performance evaluation sessions in order to determine the success or failure in achieving the desired outcomes of the organization and the individuals' responsibilities.

The Management by Objectives System is of particular value to professional personnel. The manager will find that it assists him in planning, organizing, and delegating work. The system will also provide better understanding of the subordinates' problems and should strengthen the manager-subordinate relationship. Finally, the manager will find the system valuable for assuring the optimum utilization of professional personnel, as well as enabling the professional employee to give self-direction in achieving the goals and objectives of the organization.

DEFINITIONS

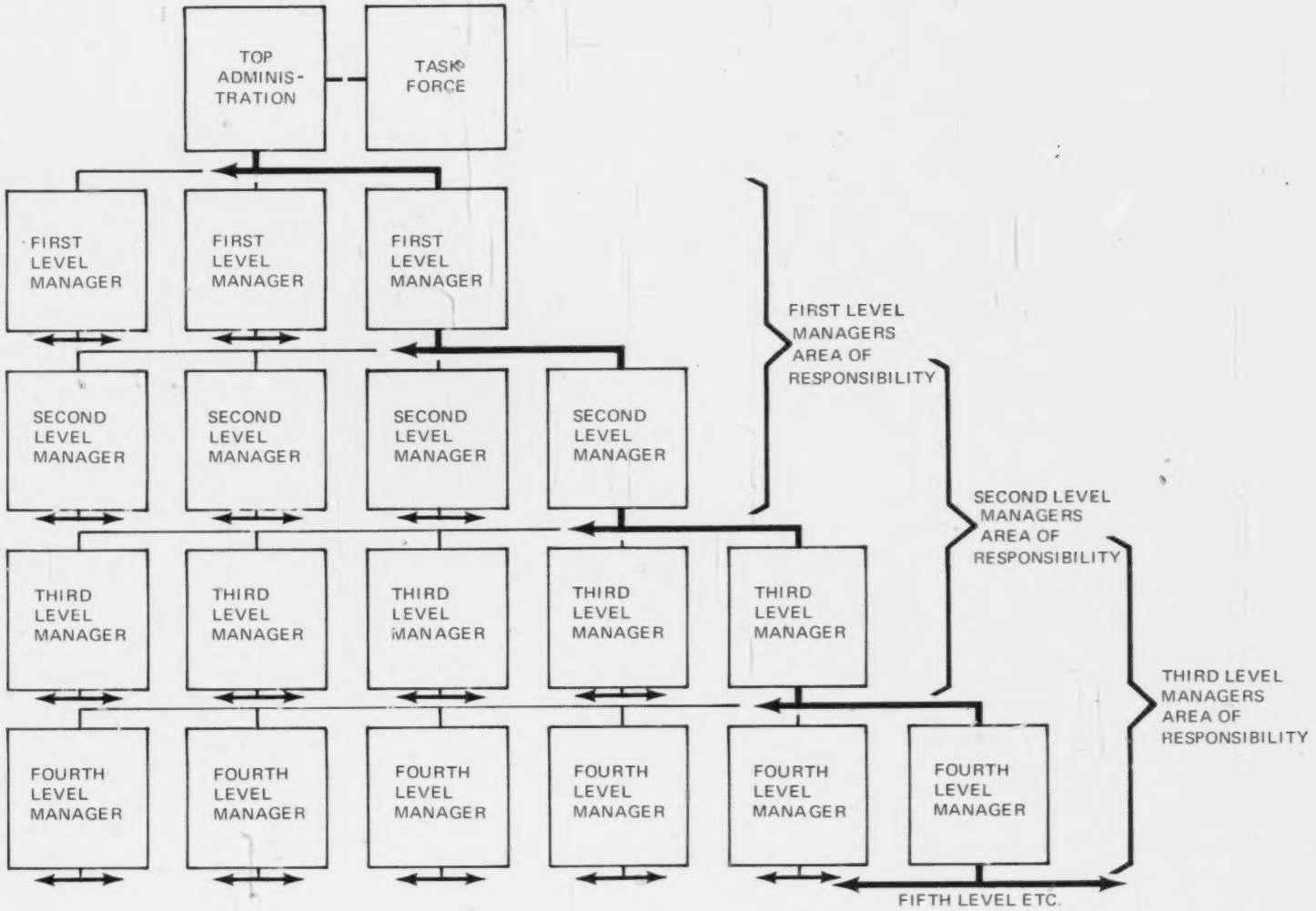
Organizational Goals: Organizational goals are broad statements of intent which are not quantifiable. They define the conditions to be achieved year after year if the organization is to be successful.

Organizational Objectives: Organizational objectives are short statements of intent which relate back to the achievement of an organizational goal and are quantifiable. They should indicate what is to be accomplished and by when.

Job Functions: Job functions are the major segments of an individual's work or those general areas within which the individual is held accountable for producing results. They are key responsibility areas of a job.

Performance Objectives: Performance objectives are the individual's short statements of intent which are quantifiable. They relate back to the individual's job functions and should indicate what is to be accomplished and by when.

MANAGEMENT ORGANIZATION CHART



GUIDE TO DEVELOPING ORGANIZATIONAL GOALS AND OBJECTIVES

INTRODUCTION

In the development of the organizational goals and objectives, the most important and primary factor is planning. Planning by definition is the rational determination of where you are, where you want to go, and how you are going to get there. Thus, the "where you want to go" becomes the organizational objectives, and the "how you are going to get there" becomes the personal objectives. However, before you can decide where you want to go, it is necessary to determine where you are, and this ultimately requires a data base from which you can develop viable goals and challenging but achievable objectives for the organization.

Once the organizational goals and objectives have been developed, negotiated, and approved, the organization becomes committed to the attainment of these objectives, in addition to being held accountable for producing the results stated within. At this point there is little or no individual accountability. This aspect will be developed in Procedure II through the discussion and development of personal job functions and performance objectives as they relate to the organizational goals and objectives.

This section of the guideline includes a sequence for developing organizational goals and objectives and an example of some organizational goals and objectives in a second level manager's area of responsibility.

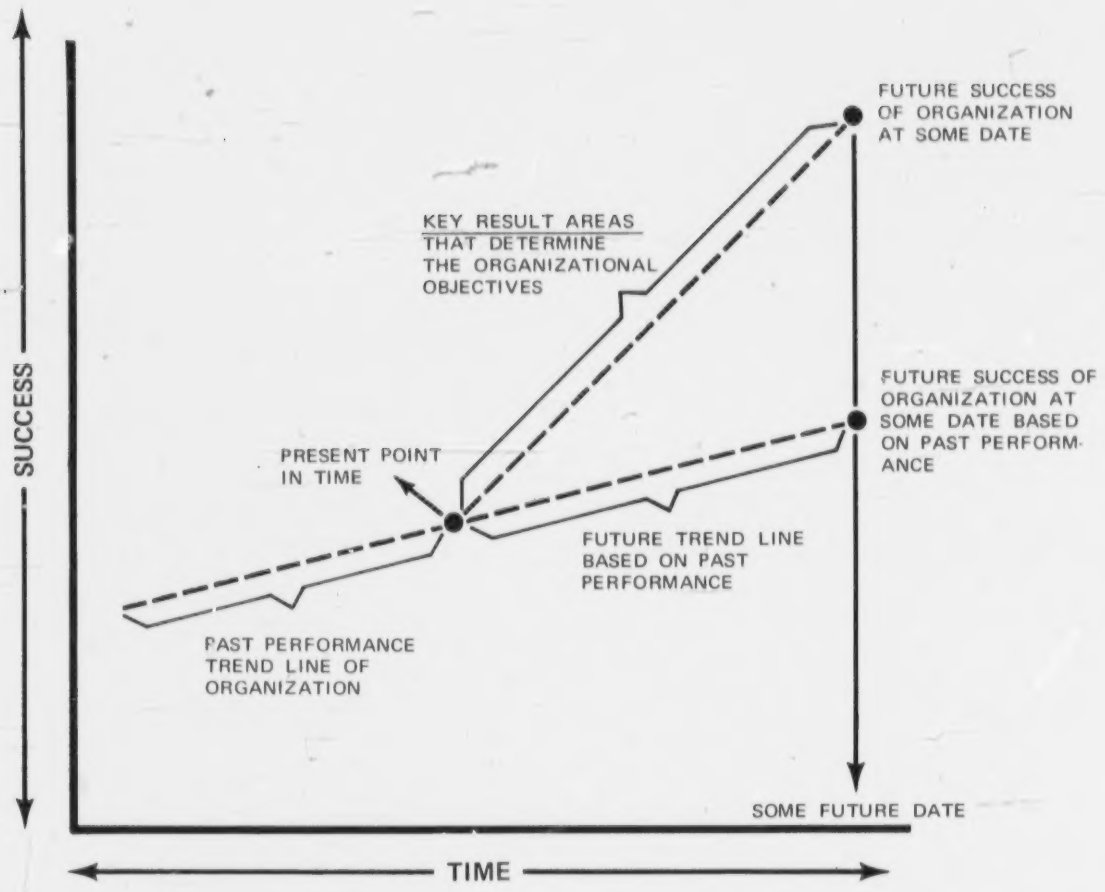
PROCEDURE I

SEQUENCE FOR DEVELOPING ORGANIZATIONAL GOALS AND OBJECTIVES[1]

Sequence	Responsibility	Step	Activity
1.	Task force appointed by the top administration	1.	The purpose of this task force will be to:
			A. Study where the organization has been in the past;
			B. Determine where the organization is at the present time;
			C. Decide where the organization will likely be at some future date if it continues along the trend line it has set; and then
			D. Determine where the organization would like to be at some future date, focusing on the key result areas which will determine the goals for the organization.
			The key result areas become the organizational goals, or those broad statements of intent which are not quantifiable, and define conditions to be achieved year after year if the organization is to be successful, (GRAPH, FIGURE 1).
		2.	The process of determining the goals from the key result areas is best acnieved by the following steps:
			A. Compile a list of those things the organization must do, or would like to do concerning a particular key result area. This list should encompass those accomplishments the organization would like to achieve; those concerns the organization would like to overcome; or those opportunities the organization would like to take advantage of in this area.

[1] Ross, Kenton E., "Implementing a Management by Objectives Philosophy," Management by Objectives, Cleveland, Ohio: Association for Systems Management, 1971. pp. 9-32.

FIGURE 1
PLANNING GRAPH


FUTURE SUCCESS OF ORGANIZATION AT SOME DATE
KEY RESULT AREAS THAT DETERMINE THE ORGANIZATIONAL OBJECTIVES
FUTURE SUCCESS OF ORGANIZATION AT SOME DATE BASED ON PAST PERFORMANCE
PRESENT POINT IN TIME
FUTURE TREND LINE BASED ON PAST PERFORMANCE
PAST PERFORMANCE TREND LINE OF ORGANIZATION
SUCCESS
SOME FUTURE DATE
TIME

SOURCE: AMERICAN MANAGEMENT ASSOCIATION

Sequence	Responsibility	Step	Activity

B. Repeat Step A until every key result area has been studied and a list of goal statements has been compiled.

C. Make sure each item on every list is a broad statement of intent which is not quantifiable.

D. Rank or arrange the goal statements in order of their priority.

3. Once the goals have been established, the task force then determines what the organization must do in order to achieve these goals. This becomes the second crucial step of developing the organizational objectives or those short statements of intent which are quantifiable.

4. The process of determining the organizational objectives is best achieved by the following steps:

A. Consider each organizational goal individually.

B. Specifically state what is to be accomplished and by when for each goal statement.

C. List results to be accomplished or major activities leading to the results.

D. State the expected results or major activities in measurable terms.

E. Be realistic in terms of available resources.

F. Be realistic but provide challenge and growth.

G. Identify "must" and "want" objectives and weigh them accordingly.

H. Include qualitative as well as quantitative results.

I. Put the objective into a time frame. (Organizational objectives are usually put within a fiscal year time frame.)

Sequence	Responsibility	Step	Activity
		5.	Present the task force recommendations for organizational goals and objectives to the top administration for modification and approval.
2.	Top Administration	6.	Reviews the task force's recommendations, and modifies the organizational goals and objectives as appropriate.
		7.	Conducts a meeting with the first level managers.
			A. Distributes a copy of the organizational goals and objectives to each first level manager.
			B. Reviews the organizational goals and objectives with the first level managers and suggests some tentative goals and objectives that the first level managers should consider, when they write their organizational goals and objectives for their areas of responsibility.*
			C. Requests the first level managers to develop, for their areas of responsibility, the organizational goals and objectives that will enable the total organization to achieve its goals and objectives.
3.	First Level Managers	8.	Develops the first level management organizational goals that he feels must be achieved in his area of responsibility, in order to meet the total organization's goals and objectives for the set time period. This can best be achieved by the following steps:
			A. Study where the manager's area of responsibility has been in the past;
			B. Determine where the manager's area of responsibility is at the present time;
			C. Decide where the manager's area of responsibility will be at some future date if it continues along the trend line it has set;

*Manager's Area of Responsibility: All the individuals within the Unit, Section, Department, Division or any other subdivision in the organization that the manager is responsible for.

Sequence	Responsibility	Step	Activity
			D. Determine where the manager's area of responsibility would like to be at some future date, focusing on the key result areas which will determine the goals for the manager's area of responsibility. The key result areas become the organizational goals, or those broad statements of intent which are not quantifiable, and define conditions to be achieved year after year if the manager's area of responsibility is to be successful.
		9.	The process of determining the goals from the key result area is best achieved by the following steps: A. Compile a list of those things the manager's area of responsibility must do or would like to do concerning a particular key result area. This list should encompass those accomplishments the organization would like to achieve; those concerns the organization would like to overcome; or those opportunities the organization would like to take advantage of in this area. B. Repeat Step A until every key result area has been studied and a list of goal statements has been compiled. C. Make sure each item on every list is a broad statement of intent which is not quantifiable. D. Rank or arrange the goal statements in order of their priority.
		10.	Once the goals have been established, the first level manager then determines what the manager's area of responsibility must do in order to achieve these goals. This becomes the second crucial step of developing the organizational objectives or those short statements of intent which are quantifiable.

Sequence	Responsibility	Step	Activity
		11.	The process of determining the organizational objectives is best achieved by the following steps: A. Consider each organizational goal individually. B. Specifically state what is to be accomplished and by when for each goal statement. C. List results to be accomplished or major activities leading to the results. D. State the expected results or major activities in measurable terms. E. Be realistic in terms of available resources. F. Be realistic but provide challenge and growth. G. Identify "must" and "want" objectives and weigh them accordingly. H. Include qualitative as well as quantitative results. I. Put the objective into a time frame. (Organizational objectives are usually put within a fiscal year time frame.)
		12.	Determine and list the coordination with other agencies and/or departments that will be necessary in order to carry out the objectives that relate to the goal.
		13.	Discuss the information and assistance needed with other agencies and/or departments concerned, outlining specific requirements and fully explaining the reasons for the requirements.
		14.	Meet with the top administration to present the organizational goals and objectives for negotiation and approval.

Sequence	Responsibility	Step	Activity
4.	Top Administration	15.	Reviews, reconciles, consolidates, and approves the organizational goals and objectives of the first level manager at the negotiation session.
5.	First Level Manager	16.	Conducts a meeting with the second level managers in his or her area of responsibility. A. Distributes a copy of his or her organizational goals and objectives to each second level manager. B. Reviews the first level manager's organizational goals and objectives with the second level managers, and suggests some tentative goals and objectives that the second level managers should consider when they write their organizational goals and objectives for their area of responsibility. C. Requests the second level managers to develop, for their areas of responsibility, the organizational goals and objectives that will enable the first level manager to achieve his or her goals and objectives.
6.	Second Level Manager	17.	Develops the second level management organizational goals that he or she feels must be achieved in his or her area of responsibility, in order to meet the first level manager's organizational goals and objectives for the set time period. This can best be achieved by the following steps: A. Study where the manager's area of responsibility has been in the past; B. Determine where the manager's area of responsibility is at the present time; C. Decide where the manager's area of responsibility will be at some future date if it continues along the trend line it has set. D. Determine where the manager's area of responsibility would like to

Sequence	Responsibility	Step	Activity

be at some future date, focusing on the key result areas which will determine the goals for the manager's area of responsibility.

The key result areas become the organizational goals, or those broad statements of intent which are not quantifiable, and define conditions to be achieved year after year if the manager's area of responsibility is to be successful.

18. The process of determining the goals from the key result area is best achieved by the following steps:

A. Compile a list of those things the manager's area of responsibility must do, or would like to do concerning a particular key result area. This list should encompass those accomplishments the organization would like to achieve; those concerns the organization would like to overcome; or those opportunities the organization would like to take advantage of in this area.

B. Repeat Step A until every key result area has been studied and a list of goal statements has been compiled.

C. Make sure each item on every list is a broad statement of intent which is not quantifiable.

D. Rank or arrange the goal statements in order of their priority.

19. Once the goals have been established, the second level manager then determines what the manager's area of responsibility must do in order to achieve these goals. This becomes the second crucial step of developing the organizational objectives or those short statements of intent which are quantifiable.

Sequence	Responsibility	Step	Activity
		20.	The process of determining the organizational objectives is best achieved by the following steps:
			A. Consider each organizational goal individually.
			B. Specifically state what is to be accomplished and by when for each goal statement.
			C. List results to be accomplished or major activities leading to the results.
			D. State the expected results or major activities in measurable terms.
			E. Be realistic in terms of available resources.
			F. Be realistic but provide challenge and growth.
			G. Identify "must" and "want" objectives and weigh them accordingly.
			H. Include qualitative as well as quantitative results.
			I. Put the objective into a time frame. (Organizational objectives are usually put within a fiscal year time frame.)
		21.	Determine and list the coordination with other agencies and/or departments that will be necessary in order to carry out the objectives that relate to the goal.
		22.	Discuss the information and assistance needed with other agencies and/or departments concerned, outlining specific requirements and fully explaining the reasons for the requirements.
		23.	Meet with the first level manager to present the organizational goals and objectives for negotiation and approval.

Sequence	Responsibility	Step	Activity
7.	First Level Manager	24.	Reviews, reconciles, consolidates, and approves the organizational goals and objectives of the second level manager at the negotation session.
8.	Second Level Manager	25.	Conducts a meeting with the third level managers in his or her area of responsibility.
			A. Distributes a copy of his or her organizational goals and objectives to each third level manager.
			B. Reviews the second level manager's organizational goals and objectives with the third level managers, and suggests some tentative goals and objectives that the third level managers should consider when they write their organizational goals and objectives for their area of responsibility.
			C. Requests the third level managers to develop, for their areas of responsibility, the organizational goals and objectives that will enable the second level manager to achieve his or her goals and objectives.
9.	Continue on as before until the cycle has reached every level of management in the organization.		

EXAMPLE OF ORGANIZATIONAL GOALS AND OBJECTIVES

PLANNING UNIT

Fiscal Year 1973

GOAL

To provide annual and long-range plans to the State Department of Vocational and Technical Education.

OBJECTIVES

1. To develop the Oklahoma State Plan for Vocational and Technical Education by May 1, 1973.

2. To develop a plan for Adult Education for a five-year period for the State Department of Vocational and Technical Education by September 1, 1972.

3. To develop a year-by-year plan for the decade of the 70's by August 1, 1972, and revise by May 1, 1973.

4. To have all data secured and develop necessary material for the Linear Programming Model by June 1, 1973.

GOAL

To provide current planning information to state and local decision makers in vocational and technical education.

OBJECTIVES

1. To provide to LEA's supplementary information (manpower demand in a county, manpower district, SMSA's, on a state-wide basis; follow-up information related to their programs; student characteristic information; drop-out data; information on aid to dependent children; population of place and county; etc.) that will aid in the request for new programs in the high demand areas by March 1, 1973.

2. To develop and publish the Oklahoma Mini-State Plan by August 1, 1972.

GOAL

To provide services to state and local decision makers to improve vocational and technical education.

OBJECTIVES

1. To establish the MBO System in ten area vocational and technical schools and two comprehensive high schools in Oklahoma during FY 1973.

2. To refine the State Department of Vocational and Technical Education MBO System and implement the refinements in the MBO System by May 1, 1973.

3. To evaluate the current organizational structure and develop a new functional organizational chart for consideration by the administration by July 1, 1973.

4. To develop a funding procedure for local programs of vocational and technical education by July 1, 1973.

5. To develop the occupational demand cluster within the career clusters by January 1, 1973.

6. To develop individual school district profiles by July 1, 1973.

7. To develop and automate a cost procedure for individual programs during FY 1973.

8. To identify non-reimbursed business and office programs that can be considered as qualifying students for business and office jobs during FY 1973.

GUIDE TO DEVELOPING PERSONAL JOB FUNCTIONS AND PERFORMANCE OBJECTIVES

INTRODUCTION

In the process of achieving the heretofore developed organizational goals and objectives, the need for individual accountability becomes apparent. This section of the guideline will provide a method for developing personal job functions and performance objectives.

To begin, the manager and subordinate must mutually decide upon the major segments of the subordinate's work, or those general areas within which the individual is held accountable for producing results. These key responsibility areas of a job become the individual's personal job functions.

Once the personal job functions, which usually number between four and eight for an individual, have been identified and agreed upon, the subordinate will begin developing performance objectives for each identified job function. These performance objectives are short statements of intent which are quantifiable and should indicate what is to be accomplished and by when.

In developing the performance objectives, the individual should return to the organizational goals and objectives that have been developed for his or her area of responsibility. These organizational goals and objectives will provide the individual with a guideline of what the organization is trying to achieve and how he or she may contribute to the realization of these goals and objectives, by the performance objectives he or she will develop within the parameters of their job functions.

Therefore, as the organizational goals and objectives give the direction and specific measurable targets to be achieved by the total management area,* the manager and the subordinates within that management area are also held accountable for achieving certain performance objectives within their major areas of responsibility on the job.

This section of the guideline includes a sequence for developing major job functions and performance objectives, a flow chart, and an example of a second level manager's personal job functions and performance objectives.

*Management Area: The manager and all the subordinates under the manager's supervision.

PROCEDURE II

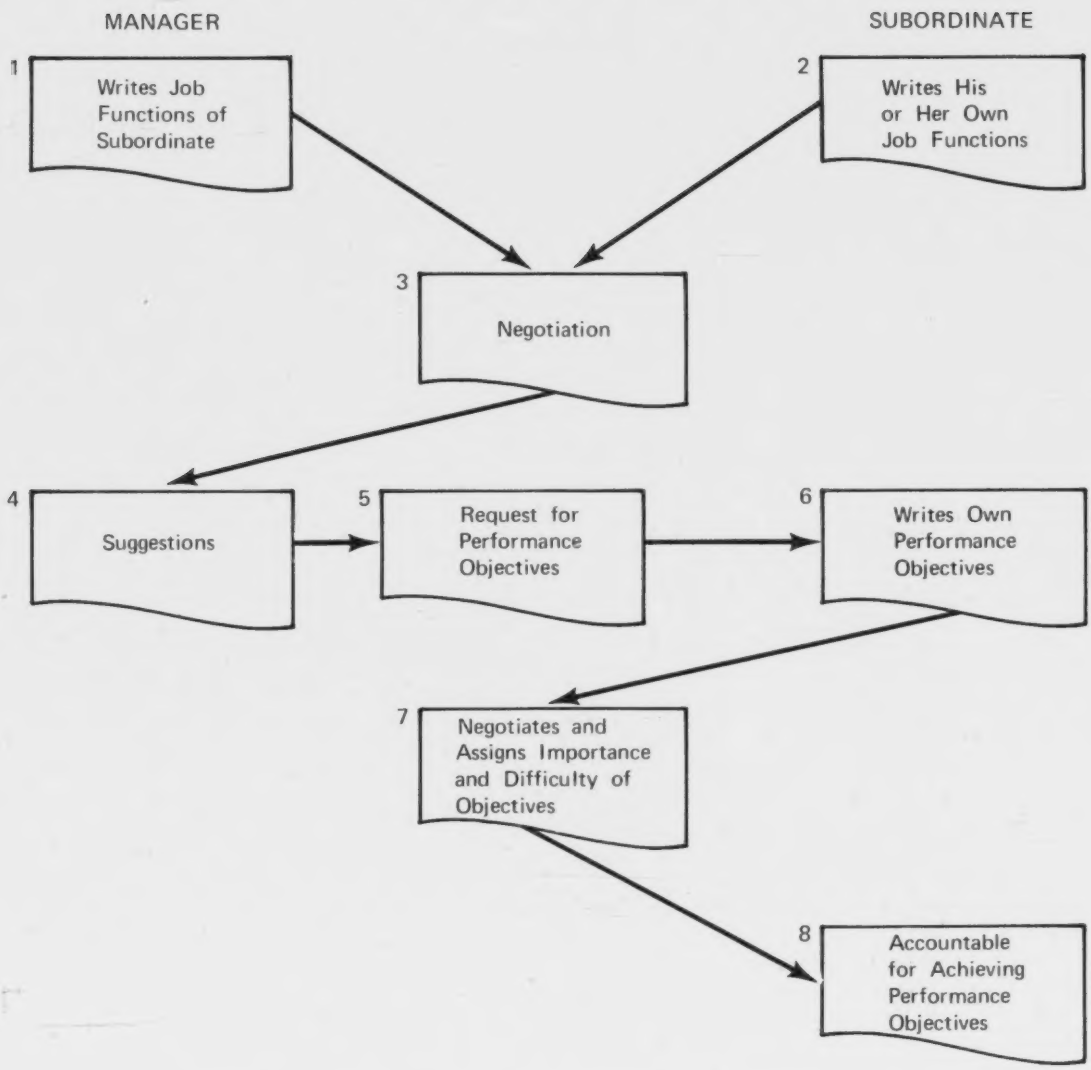
SEQUENCE FOR DEVELOPING PERSONAL JOB FUNCTIONS AND PERFORMANCE OBJECTIVES

Sequence	Responsibility	Step	Activity
1.	Manager	1.	Writes the major job functions of his or her subordinate.
			A. Keeping in mind the major functions are those key result areas or general objectives for which the subordinate is held accountable. They are the major responsibilities of his or her position.
2.	Subordinate	2.	Writes his or her own major job functions. (NOTE: Step 1 A. above).
3.	Manager and Subordinate	3.	Meet and discuss the major job functions and mutually agree on the job content and the relative importance of each major job function.
		4.	The manager suggests tentative performance objectives for each job function of his or her subordinate.
		5.	Manager requests the subordinate to develop specific performance objectives for each job function, that the subordinate feels must be achieved in his or her area of responsibility to enable the management area to meet its organizational goals and objectives for the coming year.
4.	Subordinate	6.	For each job function, the subordinate lists the specific results he or she expects to accomplish during the time period covered. Performance objectives should:
			A. Specifically state what is to be accomplished and by when.
			B. List results to be accomplished or major activities leading to the results.
			C. State the expected results or major activities in measurable terms.

Sequence	Responsibility	Step	Activity
			D. Complement or support the manager's organizational goals and objectives.
			E. Be realistic in terms of available resources.
			F. Be realistic but provide challenge and growth.
			G. Identify "must" and "want" objectives and weigh them accordingly.
			H. Include qualitative as well as quantitative results.
5.	Manager and Subordinate	7.	Meet and negotiate the subordinates' performance objectives and mutually agree upon the importance and difficulty of the objectives.
6.	Subordinate	8.	Begins working on the performance objectives with the realization that he or she will be held accountable for the accomplishment of the negotiated performance objectives.

JOB FUNCTIONS AND PERFORMANCE
OBJECTIVES FLOW CHART

JOB FUNCTIONS AND PERFORMANCE
OBJECTIVES FLOW CHART



EXAMPLE OF PERSONAL JOB FUNCTIONS AND PERFORMANCE OBJECTIVES

Department Research, Planning and Evaluation **Unit** Planning **Person** John Doe, Planning Coordinator

Major Job Functions	Job Objectives	Performance Review										
		Evaluation										Comments for Interview
		Difficulty of the Objective					Achievement of the Objective					
List, in order of importance, the key responsibility areas of your job. (Those general areas within which you are held accountable for producing results.)	For each Job Function, list the specific results you expect to accomplish during the time period covered. Objectives should include what is to be accomplished, by what date, at what cost and quality, etc.	Extremely Difficult	Difficult	Some Difficulty	Easy	Extremely Easy	Exceeded	Achieved	Partially Met	Little Done	No Acitivity	Use this column to continually update objectives or to enter possible reasons why some objectives were exceeded and others not met when conducting the performance review.
Planning	1. To identify the needed materials and develop the annual and long-range State Plan for Vocational and Technical Education by May 1, 1973.			X								
	2. To conduct MBO workshops in 10 area schools by September 1, 1972.		X									
	3. To review the five year adult education plan and make recommendations by August 20, 1972.	X										
	4. To recommend objectives for each year for the year-by-year plan for the 70's by August 1, 1972 and make annual revisions by May 1, 1973.	X										
	5. To visit each area school and junior college in order to explain how supplementary information can be used for planning occupational programs by March 1, 1973.			X								

John Doe, Page 2

Major Job Functions	Job Objectives	Performance Review										
		Evaluation										Comments for Interview
Planning	6. To identify the information to be presented in the Mini-State Plan for vocational and technical education by July 5, 1972.			X								
Research	1. To determine the data needs for the linear programming model by July 15, 1972.		X									
	2. To outline the procedure for implementing an MBO System in the Oklahoma State Department of Vocational and Technical Education and arrange for publication by August 25, 1972.		X									
	3. To evaluate the current organizational structure, define a functional organizational structure and present it to the administration for consideration by July 1, 1973.	X										
	4. To develop and recommend a funding procedure for vocational and technical education in local schools by July 1, 1973.	X										
	5. To review and recommend demand clusters that are to be included in career clusters by November 1, 1972.		X									
	6. To identify information to be contained in individual school profiles by October 15, 1972, and have profiles developed on 50 districts by July 1, 1973.	X										
	7. To identify the information to be considered in program accounting, develop the procedure, and test the method in one area vocational-technical school by July 1, 1973.		X									

John Doe, Page 3

Major Job Functions	Job Objectives	Performance Review										
		Evaluation										Comments for Interview
Research	8. To review the non-reimbursed Business and Office programs and make recommendations relating to their curriculum that qualifies completers as potential supply by July 1, 1973.			X								
	9. To submit two proposals to either the state, regional or national level by July 1, 1973.				X							
	10. To serve on four doctoral committees during FY '73.					X						
	11. To provide material for the weighted index for reimbursement of local programs of vocational and technical education by March 1, 1973.			X								
	12. To make recommendations for the location of new area vocational-technical schools within one week from receipt of request during FY '73.				X							
Supervising and Directing	1. Assign work plans to each member of the Planning Unit staff by July 5, 1972.				X							
	2. Coordinate and complete the development of job functions and objectives with each member of the Planning staff by August 1, 1972.			X								
	3. Conduct weekly meetings with linear programming project staff during FY '73.				X							
	4. Conduct quarterly MBO performance reviews with Planning Unit staff during FY '73.					X						

John Doe, Page 4

Major Job Functions	Job Objectives	Performance Review	
		Evaluation	Comments for Interview
Supervising and Directing	5. Assign new work projects to designated Planning Unit staff and establish priorities and objectives within a three-day period from the time the Planning Unit receives the work project assignment during FY '73.	X	
	6. Review monthly MBO status reports and return comments, if needed, to staff members by the fifth day of the following month during FY '73.	X	
Staffing	1. To identify, recruit, interview and recommend appropriate staff within one month after a vacancy exists during FY '73.	X	
	2. To review the work load and progress of the Planning Unit at the end of each quarter during FY '73 to determine staff requirements and make recommendations to the Head of the Division of R, P, & E.	X	
Coordination	1. To identify agencies, departments or persons involved; set up meetings; and establish objectives within two weeks from the time the activity is identified during FY '73.	X	
Administrative	1. To submit a monthly MBO status report to the R, P, & E Director during FY '73.	X	
	2. To submit a quarterly report on the linear programming project to the R, P, & E Director during FY '73.	X	

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Major Job Functions	Job Objectives	Performance Review	
		Evaluation	Comments for Interview
Other Duties as Assigned	1. To establish priorities and objectives of special assignments within one day from time assigned during FY '73.	X	

TIME SCHEDULE FOR IMPLEMENTING A MANAGEMENT BY OBJECTIVES SYSTEM

RECOMMENDED TIME SCHEDULE FOR IMPLEMENTING THE MANAGEMENT BY OBJECTIVES SYSTEM

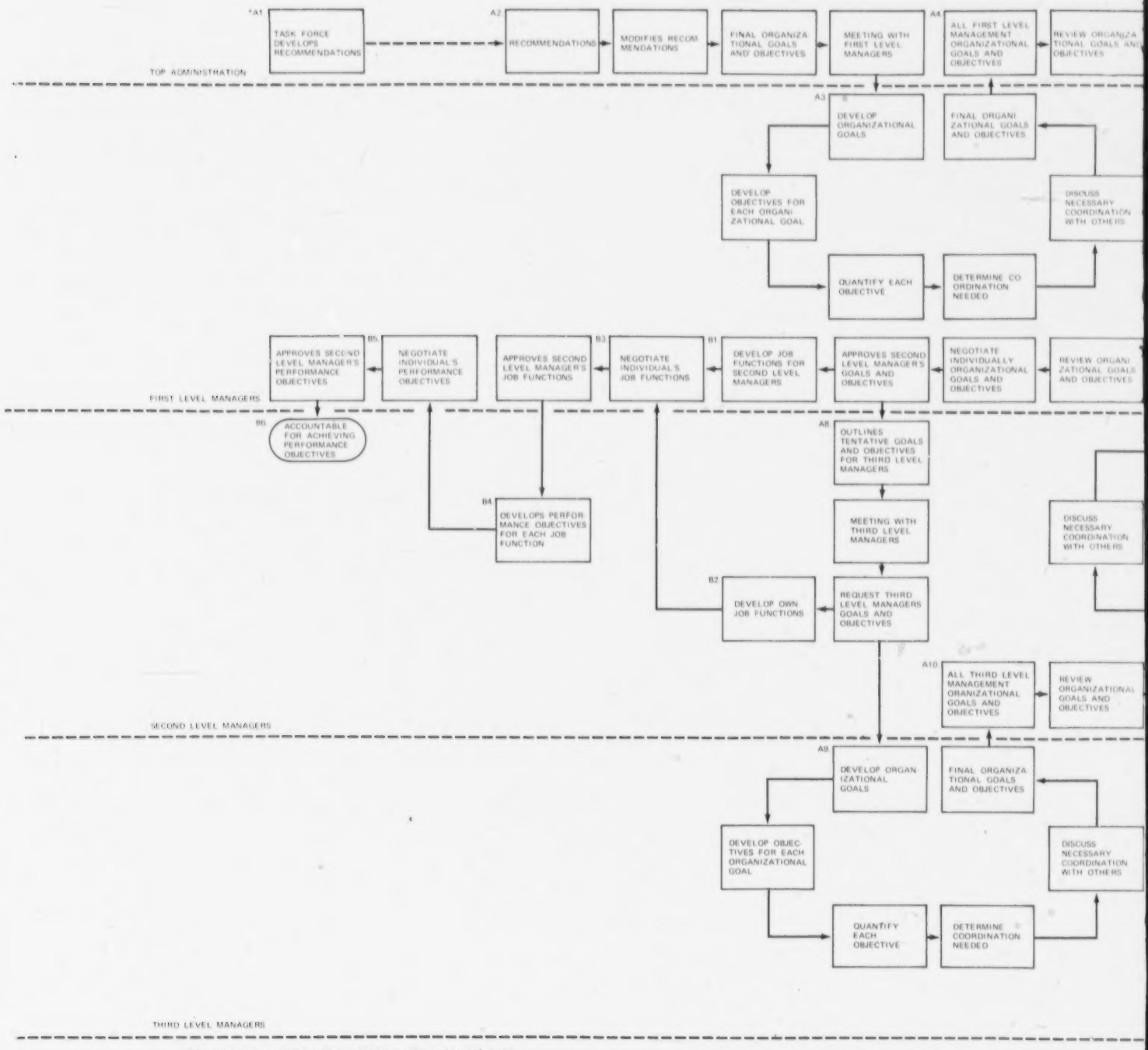
Sequence	Responsibility	Time	Activity
1.*	Task Force	4 weeks	To develop and recommend the organizational goals and objectives to the top administration.
A2.	Top Administration	1 week	Review, modify, and approve task force recommendations.
		1 week	Meet with first level managers to discuss the organizational goals and objectives.
A3.	First Level Managers	3 weeks	To write organizational goals and objectives and submit them for negotiation.
A4.	Top Administration	1 week	To review, negotiate, and approve the first level management organizational goals and objectives.
A5.	First Level Managers	1 week	To develop suggested second level management organizational goals and objectives.
		1 week	To meet with second level managers, distribute first level managers' organizational goals and objectives, and discuss suggested second level management organizational goals and objectives.
B1* & B2.	Top Administration and First Level Managers	1 week	Simultaneously, the top administrator writes the personal job functions as he or she sees them for the first level manager, while the first level manager writes his or her personal job functions as he or she sees them.
B3.	Top Administration	1 week	Negotiates individually and approves personal job functions of each first level manager.
B4.	First Level Manager	1 week	Develops his or her performance objectives for each personal job function.
B5.	Top Administration	1 week	Negotiates individually and approves performance objectives of first level manager.

*See "Flow Chart for Implementing a Management by Objectives System".

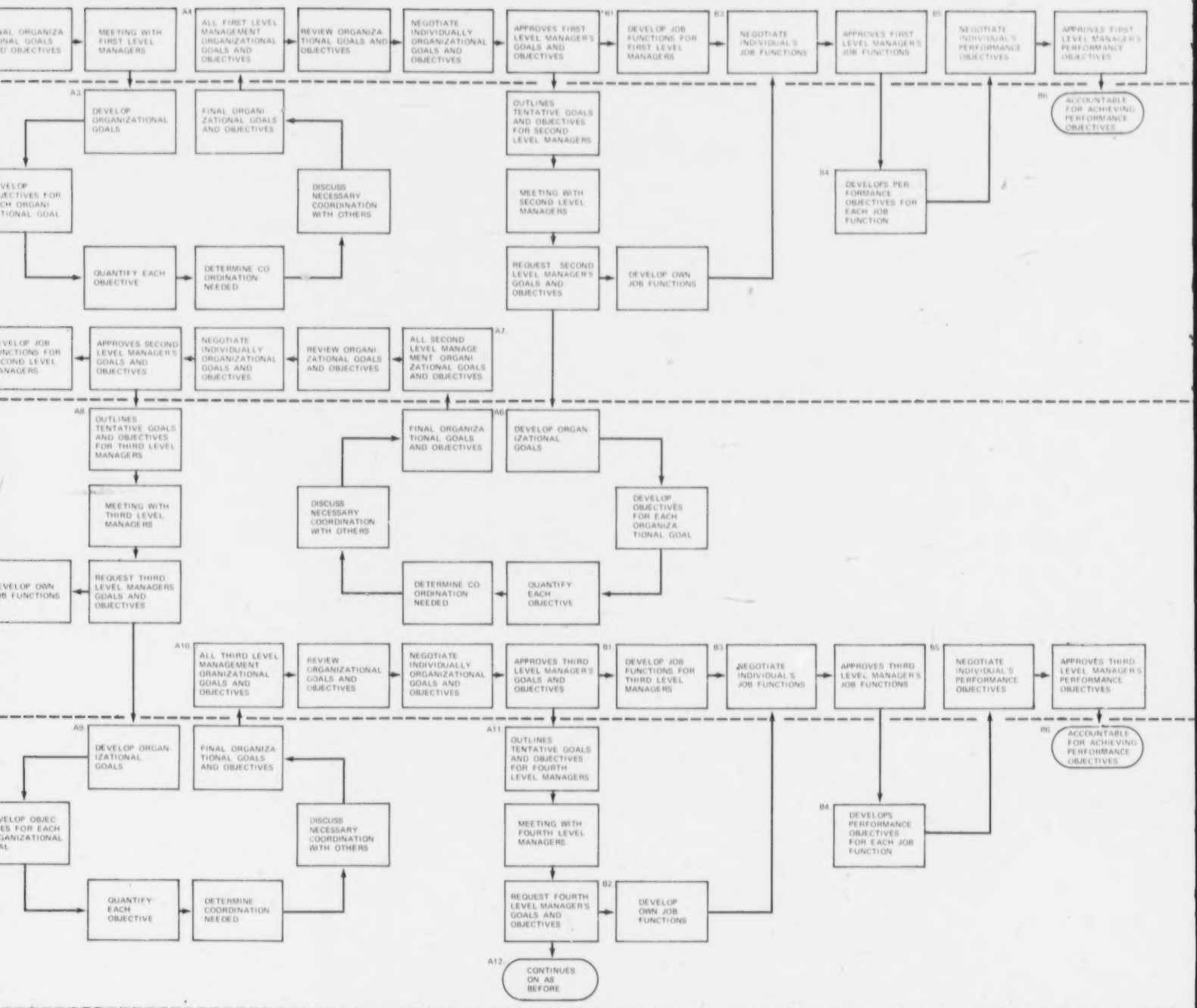
Sequence	Responsibility	Time	Activity
B6.	First Level Manager		Held accountable for achieving his or her performance objectives.
A6.	Second Level Manager	3 weeks	To write organizational goals and objectives and submit them for negotiation.
A7.	First Level Manager	1 week	To review, negotiate, and approve the second level management organizational goals and objectives.
A8.	Second Level Manager	1 week	To develop suggested third level management organizational goals and objectives.
		1 week	To meet with third level managers, distribute second level managers' organizational goals and objectives, and discuss suggested third level management organizational goals and objectives.
B1 & B2.	First Level Manager and Second Level Managers	1 week	Simultaneously, the first level manager writes the job functions as he or she sees them for the second level manager, while the second level manager writes his or her job functions as he or she sees them.
B3.	First Level Manager	1 week	Negotiates individually and approves job functions of each second level manager.
B4.	Second Level Manager	1 week	Develops his or her performance objectives for each personal job function.
B5.	First Level Manager	1 week	Negotiates individually and approves performance objectives of the second level manager.
B6.	Second Level Manager		Held accountable for achieving his or her performance objectives.
A9.	Third Level Manager	3 weeks	To write organizational goals and objectives and submit them for negotiation.
A10.	Second Level Manager	1 week	To review, negotiate, and approve the third level management organizational goals and objectives.
A11.	Third Level Manager	1 week	To develop suggested fourth level management organizational goals and objectives.

Sequence	Responsibility	Time	Activity
		1 week	To meet with fourth level managers, distribute third level managers' organizational goals and objectives, and discuss suggested fourth level management organizational goals and objectives.
B1. & B2.	Second Level Manager and Third Level Manager	1 week	Simultaneously, the second level manager writes the personal job functions as he or she sees them for the third level manager, while the third level manager writes his or her personal job functions as he or she sees them.
B3.	Second Level Manager	1 week	Negotiates individually and approves personal job functions of the third level manager.
B4.	Third Level Manager	1 week	Develops his or her performance objectives for each personal job function.
B5.	Second Level Manager	1 week	Negotiates individually and approves performance objectives of the third level manager.
B6.	Third Level Manager		Held accountable for achieving his or her performance objectives
A12.	Continue on as before until the cycle has reached every staff member in the organization.		

FLOW CHART FOR IMPLEMENTING A MANAGEMENT BY OBJECTIVES SYSTEM



*A FLOW CHART FOR DEVELOPING ORGANIZATIONAL GOALS AND OBJECTIVES
*B FLOW CHART FOR DEVELOPING PERSONAL JOB FUNCTIONS AND PERFORMANCE OBJECTIVES


MEETING WITH FIRST LEVEL MANAGERS
A4
ALL FIRST LEVEL MANAGEMENT ORGANIZATIONAL GOALS AND OBJECTIVES
REVIEW ORGANIZATIONAL GOALS AND OBJECTIVES
NEGOTIATE INDIVIDUALLY ORGANIZATIONAL GOALS AND OBJECTIVES
APPROVES FIRST LEVEL MANAGER'S GOALS AND OBJECTIVES
B1
DEVELOP JOB FUNCTIONS FOR FIRST LEVEL MANAGERS
B3
NEGOTIATE INDIVIDUAL'S JOB FUNCTIONS
APPROVES FIRST LEVEL MANAGER'S JOB FUNCTIONS
B5
NEGOTIATE INDIVIDUAL'S PERFORMANCE OBJECTIVES
APPROVES FIRST LEVEL MANAGER'S PERFORMANCE OBJECTIVES
A3
DEVELOP ORGANIZATIONAL GOALS
FINAL ORGANIZATIONAL GOALS AND OBJECTIVES
OUTLINES TENTATIVE GOALS AND OBJECTIVES FOR SECOND LEVEL MANAGERS
B6
ACCOUNTABLE FOR ACHIEVING PERFORMANCE OBJECTIVES
DISCUSS NECESSARY COORDINATION WITH OTHERS
MEETING WITH SECOND LEVEL MANAGERS
B4
DEVELOPS PERFORMANCE OBJECTIVES FOR EACH JOB FUNCTION
QUANTIFY EACH OBJECTIVE
DETERMINE CO-ORDINATION NEEDED
REQUEST SECOND LEVEL MANAGER'S GOALS AND OBJECTIVES
DEVELOP OWN JOB FUNCTIONS
APPROVES SECOND LEVEL MANAGER'S GOALS AND OBJECTIVES
NEGOTIATE INDIVIDUALLY ORGANIZATIONAL GOALS AND OBJECTIVES
REVIEW ORGANIZATIONAL GOALS AND OBJECTIVES
A7
ALL SECOND LEVEL MANAGEMENT ORGANIZATIONAL GOALS AND OBJECTIVES
A8
OUTLINES TENTATIVE GOALS AND OBJECTIVES FOR THIRD LEVEL MANAGERS
FINAL ORGANIZATIONAL GOALS AND OBJECTIVES
A6
DEVELOP ORGANIZATIONAL GOALS
MEETING WITH THIRD LEVEL MANAGERS
DISCUSS NECESSARY COORDINATION WITH OTHERS
DEVELOP OBJECTIVES FOR EACH ORGANIZATIONAL GOAL
REQUEST THIRD LEVEL MANAGERS GOALS AND OBJECTIVES
DETERMINE CO-ORDINATION NEEDED
QUANTIFY EACH OBJECTIVE
A10
ALL THIRD LEVEL MANAGEMENT ORANIZATIONAL GOALS AND OBJECTIVES
REVIEW ORGANIZATIONAL GOALS AND OBJECTIVES
NEGOTIATE INDIVIDUALLY ORGANIZATIONAL GOALS AND OBJECTIVES
APPROVES THIRD LEVEL MANAGER'S GOALS AND OBJECTIVES
B1
DEVELOP JOB FUNCTIONS FOR THIRD LEVEL MANAGERS
B3
NEGOTIATE INDIVIDUAL'S JOB FUNCTIONS
APPROVES THIRD LEVEL MANAGER'S JOB FUNCTIONS
B5
NEGOTIATE INDIVIDUAL'S PERFORMANCE OBJECTIVES
APPROVES THIRD LEVEL MANAGER'S PERFORMANCE OBJECTIVES
A9
DEVELOP ORGANIZATIONAL GOALS
FINAL ORGANIZATIONAL GOALS AND OBJECTIVES
A11
OUTLINES TENTATIVE GOALS AND OBJECTIVES FOR FOURTH LEVEL MANAGERS
B6
ACCOUNTABLE FOR ACHIEVING PERFORMANCE OBJECTIVES
DISCUSS NECESSARY COORDINATION WITH OTHERS
MEETING WITH FOURTH LEVEL MANAGERS
B4
DEVELOPS PERFORMANCE OBJECTIVES FOR EACH JOB FUNCTION
QUANTIFY EACH OBJECTIVE
DETERMINE COORDINATION NEEDED
REQUEST FOURTH LEVEL MANAGER'S GOALS AND OBJECTIVES
B2
DEVELOP OWN JOB FUNCTIONS
A12
CONTINUES ON AS BEFORE

FLOW CHART FOR IMPLEMENTING
A MANAGEMENT BY OBJECTIVES
SYSTEM

GUIDE TO ESTABLISHING PERFORMANCE EVALUATIONS

INTRODUCTION[2]

Now that the organizational goals and objectives have been developed, along with the personal job functions and performance objectives, the final stage to implementing an effective Management by Objectives System is the performance evaluation. Performance evaluation is defined as the review of the performance of each staff member in terms of how weli previously established performance objectives have been accomplished.

The performance evaluation has two major goals. The first and primary goal is to improve the performance of the individual in his present position. The second goal is to identify those individuals who are capable of performing tasks involving greater responsibilities and to assist them in preparing themselves for the future.

The significance of a performance evaluation allows the individual to receive regular consideration, to find out how he or she stands, and to establish a basis for improving performance. The manager has a basis for obtaining improved performance, making fair consistent decisions, and counseling formally and informally. In addition, the organization has more objective performance data, a better knowledge of human resources, and a basis for accelerating staff development.

Before analyzing individual performance, there are a number of factors to be considered. Have the personal job functions and performance objectives been well-defined? Has the individual had an opportunity to perform? Has the individual had the assistance that was necessary? Has there been a reasonable working relationship between the individual and his supervisor?

Measuring the individual's performance during the performance interview is basically a three-step process:

1) Review the performance objectives. Review the performance objectives for the time period being covered.

2) Measure the job performance. Measure the job performance by determining the achievement level that the individual has attained while working toward the objective. The degree to which an individual has achieved his objectives may be classified as follows:

   Level 1 - No activity
   Level 2 - Little done
   Level 3 - Partially met
   Level 4 - Achieved
   Level 5 - Exceeded

3) Determine the cause for not meeting the performance objective. Failure to achieve objectives may be the fault of the manager and the situation, as well as the fault of the subordinate. Once the cause of the failure is identified, a plan of action should be discussed in order to improve future performance.

[2]Clark, Louis R., Control Data Institute for Management Education, Minneapolis, Minnesota: Control Data Corp., June, 1970.

To summarize, the manager needs some measuring device to assess his staff's accomplishments, and the Management by Objectives performance evaluation offers a good, objective method. Monthly reports by the staff members show the level of accomplishment of the objectives. In a two-way discussion, the manager and subordinate analyze the performance objectives and attempt to discover why some objectives were not met. Then, they try to agree on a plan of action that will improve future job performance.

It is important to note that because each individual's performance objectives relate back to the organizational goals and objectives of their specific management area, the accomplishment of the performance objectives should reflect the achievement of the organizational goals and objectives in part. Once every individual's performance objectives have been accomplished, the organizational goals and objectives will be achieved.

PROCEDURE III

PERFORMANCE EVALUATION:

ACHIEVEMENT MEASUREMENT

A. Interim Progress Reviews

Responsibility	Steps	Activity
Manager and Subordinate	1.	Meet quarterly for a scheduled performance review. Discussion may be supplemented with a written report from the subordinate to the manager.
	2.	Determine if events and actions are occurring as anticipated when the objectives were set.
	3.	Jointly, alter if necessary the plan of action and reverse the placement of emphasis in light of new external influences.
	4.	Discuss achievement based upon the original performance objective statements and available details of progress toward the objectives.
	5.	Submission of a short written monthly report from the subordinate to the manager, to inform the manager on the progress of the objectives.

EXAMPLE OF A MONTHLY INTERIM PROGRESS REPORT

PLANNING UNIT

July has been a month for starting new projects in the Planning Unit. A priority objective for this month was alternatives for implementing the "Plan for Progress Through the 70's." The information has been completed and is now ready to be written and presented to the administration for reaction. This objective is due to be completed this month but will not be achieved because of MBO workshops being conducted by the Planning Unit. Also, the adult 5-year plan is not progressing as rapidly as it should. This is because the individual responsible is making a transition to a new assignment. It appears to be an objective that should receive more emphasis in the near future.

The Linear Programming Project is progressing satisfactorily. We have completed the objectives for each member assigned and they are currently being reviewed.

August will be devoted to MBO workshops, the Linear Programming Project, and adult education. The adult education plan will likely go slowly because of reassignment of staff. However, the individual has indicated that night-time hours will be spent on this because it is leading to a dissertation. August is also the staff vacation time.

B. Annual Performance Evaluation

Responsibility	Steps	Activity
Manager	1.	Determines actual results of the subordinate's performance by evaluating the degree of achievement for each performance objective.
	2.	Computes level of achievement.
	3.	Determines what points to discuss in performance evaluation conference with the subordinate.
	4.	Requests the subordinate to prepare a report for his scheduled evaluation conference. Note the points he should cover: objectives, achievements; his evaluation, rating, or grade for performance; suggestions for next year's goals and objectives and how they may be met.
Subordinate	5.	Prepares report of performance and rates himself on achievement of the performance objectives.
Manager and Subordinate	6.	Meet and discuss each performance objective and degree of achievement for each extraordinary event beyond the control of the subordinate that may affect results and preliminary performance objectives for the next year. After making allowances for extraordinary events, the manager should determine the success or failure to achieve the performance objectives and relate them to the subordinate.

EXAMPLE OF A PERFORMANCE EVALUATION

Department Research, Planning and Evaluation Unit Planning Person John Doe, Planning Coordinator

Major Job Functions	Job Objectives	Performance Review											
		Evaluation										Comments for Interview
		Difficulty of the Objective					Achievement of the Objective					
List, in order of importance, the key responsibility areas of your job. (Those general areas within which you are held accountable for producing results.)	For each Job Function, list the specific results you expect to accomplish during the time period covered. Objectives should include what is to be accomplished, by what date, at what cost and quality, etc.	Extremely Difficult	Difficult	Some Difficulty	Easy	Extremely Easy	Exceeded	Achieved	Partially Met	Little Done	No Acitivity	Use this column to continually update objectives or to enter possible reasons why some objectives were exceeded and others not met when conducting the performance review.
Planning	1. To identify the needed materials and develop the annual and long-range State Plan for Vocational and Technical Education by May 1, 1973.			X				X				
	2. To conduct MBO workshops in 10 area schools by September 1, 1972.		X				X					MBO workshops were conducted in 14 area vocational and technical schools.
	3. To review the five-year adult education plan and make recommendations by August 20, 1972.	X							X			
	4. To recommend objectives for each year for the year-by-year plan for the 70's by August 1, 1972, and make annual revisions by May 1, 1973.	X						X				
	5. To visit each area school and junior college in order to explain how supplementary information can be used for planning occupational programs by March 1, 1973.			X				X				

John Doe, Page 2

Major Job Functions	Job Objectives	Performance Review										
		Evaluation										Comments for Interview
Planning	6. To identify the information to be presented in the Mini-State Plan for vocational and technical education by July 5, 1972.			X				X				
Research	1. To determine the data needs for the linear programming model by July 15, 1972.		X					X				
	2. To outline the procedure for implementing an MBO System in the Oklahoma State Department of Vocational and Technical Education and arrange for publication by August 25, 1972.		X					X				
	3. To evaluate the current organizational structure, define a functional organizational structure and present it to the administration for consideration by July 1, 1973.	X						X				
	4. To develop and recommend a funding procedure for vocational and technical education in local schools by July 1, 1973.	X						X				
	5. To review and recommend demand clusters that are to be included in career clusters by November 1, 1972.		X					X				
	6. To identify information to be contained in individual school profiles by October 15, 1972, and have profiles developed on 50 districts by July 1, 1973.	X							X			Identification of information was not completed until December 30, 1972 due to shortage of staff help.
	7. To identify the information to be considered in program accounting, develop the procedure, and test the method in one area vocational-technical school by July 1, 1973.		X				X					Tested in 3 area vocational and technical schools.

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Major Job Functions	Job Objectives	Performance Review										
		Evaluation										Comments for Interview
Research	8. To review the non-reimbursed Business and Office programs and make recommendations relating to their curriculum that qualifies completers as potential supply by July 1, 1973.			X			X					
	9. To submit two proposals to either the state, regional or national level by July 1, 1973.				X		X					Submitted 4 proposals
	10. To serve on four doctoral committees during FY '73.					X		X				
	11. To provide material for the weighted index for reimbursement of local programs of vocational and technical education by March 1, 1973.			X				X				
	12. To make recommendations for the location of new area vocational-technical schools within one week from receipt of request during FY '73.				X			X				
Supervising and Directing	1. Assign work plans to each member of the Planning Unit staff by July 5, 1972.				X			X				
	2. Coordinate and complete the development of job functions and objectives with each member of the Planning staff by July 1, 1972.			X				X				
	3. Conduct weekly meetings with linear programming project staff during FY '73.				X				X			Out of office traveling time did not allow for a weekly meeting at all times.
	4. Conduct quarterly MBO performance reviews with Planning Unit staff during FY '73.					X		X				

Major Job Functions	Job Objectives	Performance Review									
		Evaluation									Comments for Interview
Supervising and Directing	5. Assign new work projects to designated Planning Unit staff and establish priorities and objectives within a three-day period from the time the Planning Unit receives the work project assignment during FY '73.				X			X			
	6. Review monthly MBO status reports and return comments, if needed, to staff members by the fifth day of the following month during FY '73.				X			X			
Staffing	1. To identify, recruit, interview and recommend appropriate staff within one month after a vacancy exists during FY '73.			X						X	Finding persons with a suitable background for a proposed project was difficult.
	2. To review the work load and progress of the Planning Unit at the end of each quarter during FY '73 to determine staff requirements and make recommendations to the Head of the Division of R, P, & E.				X			X			
Coordination	1. To identify agencies, departments or persons involved; set up meetings; and establish objectives within two weeks from the time the activity is identified during FY '73.			X					X		Setting up meetings took more than two weeks to accomplish due to the participants own schedules and lack of a mutual meeting date.
Administrative	1. To submit a monthly MBO status report to the R, P, & E Director during FY '73.				X			X			
	2. To submit a quarterly report on the linear programming project to the R, P, & E Director during FY '73.				X			X			

John Doe, Page 5

Major Job Functions	Job Objectives	Performance Review	
		Evaluation	Comments for Interview
Other Duties as Assigned	1. To establish priorities and objectives of special assignments within one day from time assigned during FY '73.	X X	Work load priorities often caused a longer period needed to establish objectives for a new assignment.

STRATEGIES TO IMPLEMENT A MANAGEMENT BY OBJECTIVES SYSTEM

There are several approaches to implementing a Management by Objectives System. Any approach, however, requires the support and encouragement of the top administration. In fact, at each management level, the manager's acceptance of this system will determine to a great extent whether or not his subordinates accept and make the system work.

The recommended approach to implementing the system starts from the top administrative level in the organization and filters down through all levels within that organization. In order for this approach to work correctly, the top administration must be favorable to the concept of Management by Objectives and the idea of implementing this system of management into their organization.

Once this first major step has been taken, it is recommended that an individual be appointed by the top administration to study the concept of the Management by Objectives System. This individual should become familiar with and knowledgeable about the system to the extent that he or she will be able to conduct orientation workshops on Management by Objectives for the personnel of the organization at a future date.

It is recommended that this appointed MBO director be one level below the top administration in order to report the progress of the implementation of the system directly to the top administration. This will insure a continued and effective feedback system throughout the entire process of implementation.

After the appointment of the MBO director, the next step would be for this individual to contact a reputable and knowledgeable management consultant and arrange a two- or three-day Management by Objectives orientation conference for the top administrators and the first and second level managers in the organization. This conference would allow the top administration to study the Management by Objectives concept in detail and determine the acceptance of such a management system from the first and second level managers' comments and interest. This would also allow the MBO director an opportunity to inquire about any specific questions he or she may have, before the implementation actually begins throughout the organization and to receive additional information which may be of vital importance later on.

The next step is the crucial step to the acceptance or rejection of this Management by Objectives System. It is now the responsibility of the top administration to make the decision to continue on with the system or to abandon it. This is done by the commitment of the top administration to the system or by their lack of commitment. If the commitment is given for the implementation of the Management by Objectives System, the organization has received the support, encouragement, and determination of the top administration to implement the system until it becomes completely operable. This is one of the most important factors that will determine the success or failure of the management system. Without this commitment from the top administrators, the supporting staff will not view the system as an important management technique for their organization and, therefore, lose what interest has been developed thus far.

Assuming the commitment has been given and depending on the size of the organization into which the system will be implemented, this MBO director should be allowed to recruit a staff suitable to develop a data base from which to begin, handle the implementation, and maintain the system once the sequence filters down through all levels of the organization.

The next step for the MBO director and staff is to develop and/or compile a data base from which the organization will be able to determine where they have been in the past, and where they are now. This information is necessary if there are to be any organizational goals and objectives developed that will determine where the organization would like to be at some future date.

This data base will be extremely useful for the next step, that of organizing a task force to develop recommendations for organizational goals and objectives, which will be submitted to the top administration for review, modification, and approval. We recommend that the task force consist of not more than five to eight people, and that these individuals be selected by the MBO director for their knowledge and favorable attitude toward the Management by Objectives concept. It is important to select those individuals with a favorable attitude toward the concept, for this will be the initial group which will probably run up against all the unforeseen problems of any new system as they adapt it to their own organization. If the group begins with a positive attitude, they will more than likely work out all the problems that may occur without becoming discouraged. This challenge will be rewarded with the recommendations for the organization's future direction. This session will allow the MBO director to instruct the task force on the Management by Objectives System during the work sessions when questions arise about the system. Additionally, what he or she learns from the experience will aid him or her in orienting and instructing the total organization's staff on the Management by Objectives implementation sequence.

Once the top administration has reviewed, modified, and approved the task force's recommendations, the MBO director should schedule a workshop with the first level managers and distribute a copy of the organization's goals and objectives to all those individuals concerned.

We recommend that this workshop be scheduled for a minimum of two full days of work and consist of no more managers than the MBO director and staff are able to give personal attention to upon request. We also recommend that the morning session of the first day be a complete orientation to the concept and workings of the Management by Objectives System and development of organizational goals and objectives. This orientation should be flexible enough to allow any and all questions the first level managers bring up for discussion. That afternoon the managers should make a concentrated effort to develop the organizational goals and objectives for their areas of responsibility.

The second day of the workshop should begin with an orientation and instruction on developing personal job functions and performance objectives by the MBO director. Again, this session should be flexible enough to allow any question to be asked and explained. That afternoon the managers should begin writing their personal job functions and performance objectives.

Following the workshop for the first level managers, a time should be scheduled with each manager to conduct a similar workshop for his or her staff. This system of two-day workshops will continue on in the same manner until everyone in the organization has been reached. This will require the major portion of the MBO director's time, and the individual assistance given will keep the MBO staff occupied for the remaining time of the implementation sequence for the entire organization.

ALTERNATIVE STRATEGIES

Although we recommend a top down flow for implementing a Management by Objectives System, this type of flow will not work in an organization if the top administration is not quite sure of committing themselves to implementing the system. Often times, this situation requires a reinforcement from an external factor on the success of the system, before a commitment will be given.

In a situation such as this, we recommend that the MBO director attempt to implement the system into a department or division outside the home organization. For example, if the state department is not quite sure of implementing the Management by Objectives System, an attempt should be made to introduce and implement the system into two or three of the schools that are governed by the state department and are favorable to the idea. Once the state department views the success and receives reinforcement for this system of management from the participating schools, the top administration at the state department may also commit themselves to implementing the system at their level.

Another approach to implementing the system would be to initiate it within one department or division in the organization, and then let it work its way horizontally to other departments or divisions at the same level, and vertically to those departments or divisions at a higher or lower level in the organization.

DIFFICULTIES AND PROBLEMS OF IMPLEMENTATION

Adopting a new management system into any organization rarely occurs without problems that need to be confronted and difficulties which need to be surmounted. Therefore, we have included this chapter in order that you may become aware of a few major problems and difficulties which may occur before, during, and after the implementation stage.

Some of the major problems and difficulties encountered in implementing a Management by Objectives System are:

1. Lack of commitment by the top administration to support the system.
2. Lack of an adequate data base from which to develop the organizational goals and objectives.
3. Lack of understanding by the participants to grasp the ability to write organizational goals and objectives and personal job functions and performance objectives.
4. Lack of flexibility when implementing the system.
5. Lack of personnel to implement the system and give individual instruction to those participants who need and desire it.
6. Lack of time to implement the system.
7. Lack of accountability or failure to follow up and periodically evaluate accomplishments of the objectives.

Experience has shown that the most crucial single determinant of the success of a Management by Objectives System appears to be continuous top administrative involvement in the implementation and operation of the system. Without this support, enthusiasm, and encouragement, the individuals in that organization soon lose interest and support for a system that the top administration fails to view as important.

Without an adequate data base, it will be impossible to determine the future direction of the organization and to make realistic organizational goals and objectives. In order to develop organizational goals and objectives, planning must proceed the actual writing. In order to plan where you want the organization to be at some future date, the need to know where you are at the present and where you have been in the past becomes extremely important.

Oftentimes, the MBO director over-estimates the success of his orientation and instruction on the Management by Objectives System. This leads to high expectations on the part of the MBO director, although a lack of understanding still prevails among the participants of the workshop. This can be an extremely frustrating situation for both parties concerned, but not an insurmountable problem. The MBO director should become aware that although the concept of a Management by Objectives System is easily learned, the actual implementation and writing of goals and objectives is extremely difficult to grasp. The best solution would be for the MBO director to request actual examples of goal and objective statements from participants at the workshops, use these statements as examples, and explain how they may be altered to become better goals or objectives, in order that all the participants can learn by examples from their own areas of responsibility. Then, individual assistance should be given when the participants begin writing their goals and objectives. This will insure the MBO director and the participant that they both understand what goals and objectives are and how to put them down in writing.

Another problem in implementing a Management by Objectives System is the potential to become too inflexible in the early stages of goal, objective, and job function writing and likely causing a diminished interest in the system by the participants. If you become aware of the fact that it will take approximately two to three years to establish a sophisticated Management by Objectives System, the early simplified system will not disturb the MBO director and his staff, nor will it frustrate the participants into abandoning the system altogether. Even though the first year's organizational goals and objectives and the personal job functions and performance objectives may not be letter perfect, you have accomplished a great deal, if they encompass the major concerns of the organization and the individual's area of responsibility. The next year's Management by Objectives System will be refined and expanded as each individual sees the value in this system of management.

The lack of personnel to implement the system and give individual instruction to those participants who need and desire it will also cause difficulties in implementing a Management by Objectives System. The majority of individuals will need personal attention when they begin writing their organizational goals and objectives and personal job functions and performance objectives. Some individuals will not need such assistance; however, before any individual enters into negotiation with his or her supervisor, the written work should be evaluated with that individual on a one-to-one basis to insure that he or she has accomplished the essential proponents of writing his or her organizational goals and objectives and personal job functions and performance objectives. This will simplify and expedite the negotiation session and eliminate a large amount of confusion and frustration which may follow if the supervisor does not find the work up to his expectations. The number of MBO staff members will therefore determine the amount of time it will take to implement the system throughout an entire organization.

This leads us into the next problem of implementing a Management by Objectives System or the problem of the amount of time it requires to accomplish the establishment of the system within an organization.

Due to the fact that this is a "front end loaded" type of management system, many individuals feel that it will take too long to implement and, therefore, lose interest before they actually see any benefits. While there is an initial investment in time to develop all the organizational goals and objectives and personal job functions and performance objectives, future time economy is realized by less contact with the staff since they are now more aware of the objectives and the method of achieving these objectives. They should, therefore, be able to make more of their own decisions. This process results in less time spent on day-to-day decision making concerning details and allows the supervisor a method of knowing who is doing what, at what time, and when the job will be completed.

The last major problem in implementing a Management by Objective System is the inadequate follow-through or feedback or the establishment of unrealistic organizational objectives and performance objectives at the beginning of the period. The lack of follow-up will result in a tendency of the staff to establish unrealistic and unattainable objectives in the future, realizing that they will not be held accountable for the accomplishment of the objectives. Consequently, the supervisor has a beautiful set of plans, but the work will not be accomplished to the degree expected.

SUMMARY

In summation, it is recommended that any organization make the Management by Objectives System work for them. The basic concept of this management system can be adapted to any organization. In simplistic form, this concept of management revolves around these two ideas:[3]

1. One is that the better you understand what it is you are trying to accomplish, the greater your chances are of accomplishing it,

2. And the other is that progress can only be measured in terms of what one is trying to make progress toward.

This is not a new concept in management, for most organizations revolve around these two ideas. Management by Objectives is a far more formal, consistent, and current application of this concept of management for any organization.

An organization may wish to develop an elaborate set of organizational goals and objectives and personal job functions and performance objectives, or perhaps it may wish to develop a very simple Management by Objectives System. An organization should do whatever will work for them, or in other words, it should adapt the system to fit the style of the organization. Remember that this system of management is flexible enough to take a large amount of bending and twisting, as long as it encompasses the two basic ideas of this concept of management.

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[3]Dixon, George H., "Special Formula That Gets Results," Credit and Financial Management, May, 1970, pg. 27.

Once the decision has been made to implement a Management by Objectives System, the organization becomes and remains committed to it, recognizing that there will be problems, but always knowledgeable of the fact that this system of management is valuable for assuring the optimum utilization of professional personnel, as well as enabling the professional employee to give self-direction in achieving the goals and objectives of the organization.